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Overview

This bill creates a Freight Rail Economic Development program for grants to railroads and shippers, with funding provided primarily from Minnesota Rail Service Improvement program loan repayments.

Section

- 1 Rail service improvement account; transfers.** Modifies the current account used for loans (and some grants) in the Minnesota Rail Service Improvement (MRSI) program, to eliminate a statutory appropriation from the account and to require annual transfers of the balance in available funds to a new account being created for the Freight Rail Economic Development program.
- 2 Expenditures.** Makes conforming and technical changes.
- 3 [222.505] Freight rail economic development program.** Creates the Freight Rail Economic Development (FRED) program.
 - Subd. 1. Definitions.** Defines a term.
 - Subd. 2. Program established.** Directs the Minnesota Department of Transportation (MnDOT) and the Department of Employment and Economic Development to jointly create the FRED program.
 - Subd. 3. Freight rail account; appropriation.** Establishes an account used for the program, makes a statutory appropriation for FRED program grants, and prevents

Section

expenditures from the account for administrative costs. Directs funds received from rail right-of-way property sales into the account.

Subd. 4. Program administration. Sets general requirements on creating the program, establishing a project selection process, and providing public information. Directs MnDOT and the Department of Employment and Economic Development to maintain a running list of evaluated projects seeking funding.

Subd. 5. Award recipient eligibility. Sets eligible recipients of grants under the program, which includes class II and class III railroads (i.e., the short lines), shippers, and local units of government.

Subd. 6. Project eligibility. Specifies requirements for projects to be eligible under the program. Specifies how grant funds can be used, including for rail capital improvements and rehabilitation, aspects of industrial park development, and highway-rail grade crossing or grade separation improvements.

Subd. 7. Evaluation and prioritization. Directs MnDOT and the Department of Employment and Economic Development to develop project evaluation criteria. Identifies priorities selecting projects to be funded, including prioritizing projects that have economic and employment impacts, address deteriorating rail lines, and have a share of funding or in-kind assistance from nonpublic sources that exceeds 25 percent of the project cost.

Subd. 8. Financial assistance; limitations. Limits funding awards to 85 percent of total project cost, where that percentage is inclusive of all state sources of funds. Requires geographic balance throughout the state.

Subd. 9. Design, engineering, and construction standards. Narrows design and construction standards, so that (1) for track and track structures, standards are no more restrictive than federal standards; and (2) for buildings and other rail facilities, some design and review requirements for state-funded capital improvements are waived.

4 Rail user and rail carrier loan guarantee account. Makes a conforming change, to allow for transfers from the freight rail account to provide funding for the rail user and rail carrier loan guarantee program.

5 Rail bank accounts; appropriation. Shifts transfers of excess funds in the rail bank maintenance account (above the amount needed to maintain state rail bank property), to go to the freight rail account instead of the rail service improvement account used in the MRSI program. Makes technical changes.